

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Springfield Township	County Kalkaska
Fiscal Year End March 31, 2007	Opinion Date June 20, 2007	Date Audit Report Submitted to State September 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


SE 2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Letter of Deficiency	
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number 231-775-9789	
Street Address 134 West Harris Street		City Cadillac	State MI
		Zip 49601	
Authorizing CPA Signature 		Printed Name Steven C. Arends, C.P.A.	License Number 1101013211

**SPRINGFIELD TOWNSHIP, KALKASKA COUNTY**

**FIFE LAKE, MICHIGAN**

**MARCH 31, 2007**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MARCH 31, 2007

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# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
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June 20, 2007

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Kalkaska County, Fife Lake, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Kalkaska County, Fife Lake, Michigan as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on pages 20-22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Springfield Township, Kalkaska County, Fife Lake, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2007

Springfield Township, a general law township located in Kalkaska County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Springfield Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2007, along with specific comparative information as required.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$528,889. Of this amount, \$136,091 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$403,065. About 33.76% is available for spending at the Township's discretion.
- ◆ The Township's total debt decreased by \$21,959 during the fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2007

are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

### **Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds*** – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

### **Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township’s financial position over time. The Net Assets of the Township are \$528,889 at March 31, 2007, meaning the Township’s assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2007

indicator of a government's financial position. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

Springfield Township  
Net Assets as of March 31,

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current Assets	\$ 415,477	\$ 369,999
Non Current Assets		
Capital Assets	151,642	151,642
Less: Accumulated Depreciation	<u>(20,200)</u>	<u>(16,180)</u>
Total Non Current Assets	<u>131,442</u>	<u>135,462</u>
<b>Total Assets</b>	<u><u>\$ 546,919</u></u>	<u><u>\$ 505,461</u></u>
<b>Liabilities</b>		
Current Liabilities	\$ 18,030	\$ 33,283
Long-Term Liabilities	<u>0</u>	<u>5,615</u>
<b>Total Liabilities</b>	<u>18,030</u>	<u>38,898</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net Related Debt	125,824	107,885
Restricted for Specific Purposes	265,187	202,621
Unrestricted	<u>137,879</u>	<u>156,057</u>
<b>Total Net Assets</b>	<u>528,890</u>	<u>466,563</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 546,920</u></u>	<u><u>\$ 505,461</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$136,091 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$62,326 in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2007

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Springfield Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended March 31,**

	<u>2007</u>	<u>2006</u>
<b><u>Revenues</u></b>		
<b>Program Revenues</b>		
Charges for Services	\$ 6,038	\$ 4,633
Operating Grants and Contributions	15,894	4,483
Capital Grants and Contributions	0	5,000
<b>General Revenues</b>		
Property Taxes	190,598	176,824
State Grants	87,017	87,786
Investment Earnings	7,300	4,119
Other	<u>1,160</u>	<u>1,056</u>
<b>Total Revenues</b>	<u>308,007</u>	<u>283,901</u>
<b><u>Expenses</u></b>		
Legislative	13,553	12,347
General Government	93,487	86,651
Public Safety	29,481	31,518
Public Works	47,727	8,369
Health and Welfare	37,537	34,967
Recreational and Cultural	13,696	9,847
Other Functions	9,538	9,246
Interest on Long-Term Debt	<u>662</u>	<u>1,469</u>
<b>Total Expenses</b>	<u>245,681</u>	<u>194,414</u>
Change in Net Assets	62,326	89,487
NET ASSETS - Beginning of Year	<u>466,563</u>	<u>377,076</u>
NET ASSETS - End of Year	<u><u>\$ 528,889</u></u>	<u><u>\$ 466,563</u></u>

**Governmental Activities**

During the fiscal year ended March 31, 2007 the Township's net assets increased by \$62,326 in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2007

The most significant part of the revenue for all governmental activities of Springfield Township comes from property taxes. The Township levied .7914 mills for operating purposes. In addition, the Township levied 1.8536 mills for fire protection and ambulance service and 2.0000 mills for street improvements.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation.

The Township's governmental activities expenses are dominated by general government expenses that total \$93,487. Public Works represented the next largest expense at \$47,727.

**Financial Analysis of the Government's Funds**

***Governmental Funds*** The focus of Springfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Springfield Township's governmental funds reported combined ending fund balances of \$403,065. Of this amount \$136,091 constitutes unreserved fund balance. The remainder of the fund balance is reserved or designated for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

**General Fund** – The General Fund decreased its fund balance by \$23,449 which brings the fund balance to \$136,091. All of the General Fund's functions ended the year with expenditures below budgeted amounts. Tax related revenues amounted to \$38,977. State grants were collected in the amount of \$89,923.

**Municipal Street Fund** – The Municipal Street Fund increased its fund balance by \$47,649 which brings the fund balance to \$171,020. This balance is restricted and must be used for street improvements. Property taxes amounted to \$78,744.

**Fire Fund** – The Fire Fund increased its fund balance by \$10,087 which brings the fund balance to \$81,179. This balance is restricted and must be used for fire protection. Property taxes amounted to \$35,699.

**Park and Recreation Fund** – The Park and Recreation Fund decreased its fund balance by \$2,888 which brings the fund balance to \$1,787. This balance is reserved and must be used for parks and recreation.

**Ambulance Fund** – The Ambulance Fund's fund balance remained the same at \$0. Property taxes amounted to \$37,178. Expenditures for contracted ambulance protection services amounted to \$37,178.

**Aquatic Weed Control Fund** – The Aquatic Weed Control Fund increased its fund balance by \$12,988 which brings the fund balance to \$12,988. This balance is restricted and must be used for weed control. Special assessments amounted to \$12,988.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2007

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental as of March 31, 2007 amounted to \$131,442 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$2,500 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Springfield Township**  
**Capital Assets as of March 31,**

	<u>2007</u>	<u>2006</u>
Land	\$ 14,886	\$ 14,886
Buildings	131,756	131,756
Equipment	<u>5,000</u>	<u>5,000</u>
	151,642	151,642
Less Accumulated Depreciation	<u>(20,200)</u>	<u>(16,180)</u>
 <b>Net Capital Assets</b>	 <u><u>\$ 131,442</u></u>	 <u><u>\$ 135,462</u></u>

Major capital asset events during the current fiscal year included the following:

- Depreciation expense of \$4,020.

**Long-Term Debt.** At the end of the current fiscal year, the Township had total installment debt outstanding of \$5,618. The entire balance of this debt is backed by the full faith and credit of the government. Additional information on the Township's long-term debt can be found in the notes to the financial statements.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2007-08 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Springfield Township at 5253 Ingersoll Road SW, Fife Lake, Michigan 49633.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF NET ASSETS  
MARCH 31, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 306,637
Receivables	
Taxes	41,727
Intergovernmental	20,999
External Party (Fiduciary Fund)	46,114
Total Current Assets	<u>415,477</u>
<u>CAPITAL ASSETS</u>	
Land	14,886
Buildings	131,756
Equipment	5,000
	<u>151,642</u>
Less Accumulated Depreciation	20,200
Net Capital Assets	<u>131,442</u>
 TOTAL ASSETS	 <u>546,919</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	3,040
Due to Other Governments	9,372
Current Portion of Long-Term Note Payable	5,618
Total Current Liabilities	<u>18,030</u>
<u>LONG-TERM LIABILITIES</u>	
Note Payable	5,618
Less: Current Portion	(5,618)
Total Long-Term Liabilities	<u>0</u>
 TOTAL LIABILITIES	 <u>18,030</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	125,824
Restricted for Street Improvement	171,020
Restricted for Fire Protection	81,179
Restricted for Aquatic Weed Control	12,988
Unrestricted	137,878
 TOTAL NET ASSETS	 <u>\$ 528,889</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL
					GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Legislative	\$ 13,553	\$ 0	\$ 0	\$ 0	\$ (13,553)
General Government	93,487	6,038	0	0	(87,449)
Public Safety	29,481	0	0	0	(29,481)
Public Works	47,727	0	2,906	0	(44,821)
Health and Welfare	37,537	0	0	0	(37,537)
Recreation and Cultural	13,696	0	12,988	0	(708)
Other Functions	9,538	0	0	0	(9,538)
Interest on Long-Term Debt	662	0	0	0	(662)
Total Governmental Activities	\$ 245,681	\$ 6,038	\$ 15,894	\$ 0	(223,749)

GENERAL REVENUES

Property Taxes	190,598
State Grants	87,017
Interest Earnings	7,300
Other	1,160
Total General Revenues	286,075
Change in Net Assets	62,326
<u>NET ASSETS</u> - Beginning of Year	466,563
<u>NET ASSETS</u> - End of Year	\$ 528,889

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
MARCH 31, 2007

	GENERAL FUND	MUNICIPAL STREET FUND	FIRE FUND
<u>ASSETS</u>			
Cash	\$ 76,857	\$ 154,490	\$ 73,503
Taxes Receivable	8,149	16,530	7,676
Intergovernmental Receivable	20,999	0	0
Due from Other Funds	33,126	0	0
Total Assets	<u>\$ 139,131</u>	<u>\$ 171,020</u>	<u>\$ 81,179</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,040	\$ 0	\$ 0
Due to Other Governments	0	0	0
Total Liabilities	<u>3,040</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u>			
Reserved for:			
Street Improvements	0	171,020	0
Fire Protection	0	0	81,179
Parks and Recreation	0	0	0
Aquatic Weed Control	0	0	0
Unreserved			
Undesignated	136,091	0	0
Total Fund Balance	<u>136,091</u>	<u>171,020</u>	<u>81,179</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 139,131</u>	<u>\$ 171,020</u>	<u>\$ 81,179</u>

The accompanying notes are an integral part of the financial statements.

PARK AND RECREATION FUND	AMBULANCE FUND	AQUATIC WEED CONTROL FUND	TOTALS
\$ 1,787	\$ 0	\$ 0	\$ 306,637
0	9,372	0	41,727
0	0	0	20,999
0	0	12,988	46,114
<u>\$ 1,787</u>	<u>\$ 9,372</u>	<u>\$ 12,988</u>	<u>\$ 415,477</u>

\$ 0	\$ 0	\$ 0	\$ 3,040
0	9,372	0	9,372
<u>0</u>	<u>9,372</u>	<u>0</u>	<u>12,412</u>

0	0	0	171,020
0	0	0	81,179
1,787	0	0	1,787
0	0	12,988	12,988
0	0	0	136,091
<u>1,787</u>	<u>0</u>	<u>12,988</u>	<u>403,065</u>
<u>\$ 1,787</u>	<u>\$ 9,372</u>	<u>\$ 12,988</u>	<u>\$ 415,477</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2007

Total Fund Balances for Governmental Funds	\$	403,065
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	14,886	
Buildings	131,756	
Equipment	5,000	
Accumulated Depreciation	<u>(20,200)</u>	131,442

Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds.

Note Payable		<u>(5,618)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>528,889</u></u>
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The accompanying notes are an integral part of the financial statements.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2007

	GENERAL FUND	MUNICIPAL STREET FUND	FIRE FUND
<u>REVENUES</u>			
Taxes	\$ 38,977	\$ 78,744	\$ 35,699
Licenses and Permits	300	0	0
State Grants	89,923	0	0
Charges for Services	5,738	0	0
Interest and Rents	5,071	2,229	0
Other Revenues	1,160	0	0
Total Revenues	141,169	80,973	35,699
<u>EXPENDITURES</u>			
Legislative	13,553	0	0
General Government	89,937	0	0
Public Safety	3,869	0	25,612
Public Works	14,403	33,324	0
Health and Welfare	359	0	0
Recreation and Cultural	10,338	0	0
Other Functions	9,538	0	0
Debt Service			
Principal	21,959	0	0
Interest	662	0	0
Total Expenditures	164,618	33,324	25,612
Net Change in Fund Balance	(23,449)	47,649	10,087
<u>FUND BALANCE</u> - Beginning of Year	159,540	123,371	71,092
<u>FUND BALANCE</u> - End of Year	\$ 136,091	\$ 171,020	\$ 81,179

The accompanying notes are an integral part of the financial statements.

PARK AND RECREATION FUND	AMBULANCE FUND	AQUATIC WEED CONTROL FUND	TOTALS
\$ 0	\$ 37,178	\$ 0	\$ 190,598
0	0	0	300
0	0	0	89,923
0	0	0	5,738
0	0	0	7,300
0	0	12,988	14,148
0	37,178	12,988	308,007
0	0	0	13,553
0	0	0	89,937
0	0	0	29,481
0	0	0	47,727
0	37,178	0	37,537
2,888	0	0	13,226
0	0	0	9,538
0	0	0	21,959
0	0	0	662
2,888	37,178	0	263,620
(2,888)	0	12,988	44,387
4,675	0	0	358,678
\$ 1,787	\$ 0	\$ 12,988	\$ 403,065

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2007

Net Change in Fund Balance - Total Governmental Funds	\$ 44,387
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(4,020)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	<u>21,959</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 62,326</u></u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
MARCH 31, 2007

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$       46,114
	<hr/> <hr/>
<u>LIABILITIES</u>	
Due to Other Funds	\$       46,114
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Springfield Township is a general law township located in Kalkaska County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Springfield Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Street Fund* accounts for revenue sources that are legally restricted to expenditure for street improvements.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Park and Recreation Fund* accounts for revenue sources that are reserved to expenditures for parks and recreation.

The *Ambulance Fund* accounts for revenue sources that are restricted to expenditures for ambulance service.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

The *Aquatic Weed Control Fund* accounts for revenue sources that are designated to expenditures for aquatic weed control.

Additionally Springfield Township reports the following fund types:

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition. The Township investment policy authorizes the Township treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

***2. Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and two-thirds of county taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2006 taxable valuation of Springfield Township totaled \$39,419,934, on which ad valorem taxes levied consisted of 0.7914 mills for Springfield Township operating purposes, 2.000 mills for Springfield Township street improvement, and 0.9123 mills for Springfield Township fire protection, and 0.9413 mills for Springfield Township ambulance service. These levies raised \$31,258 for operating purposes, \$36,033 for fire protection, \$78,723 for street improvement, and \$37,178 for ambulance protection.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40-60
Building Improvements	15-30
Vehicles	3-5
Office Equipment	3-5
Computer Equipment	3-5

**5. *Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. *Budgetary Information***

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on March 28, 2006 or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. *Funds With Expenditures in Excess of Appropriations were as follows:***

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
Municipal Street Fund	\$ 0	\$	33,324
Ambulance Fund	35,000		37,178

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Township's deposits are on deposit with Citizens Bank in Flint, Michigan and Forest Area Federal Credit Union in Fife Lake, Michigan.

*Investment rate risk.* The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Foreign currency risk.* The Township is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

*Concentration of credit risk.* The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2007, \$42,477 of the government's bank balance of \$362,447 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

**B. Receivables**

Receivables as of year end for the government's individual major funds are presented in the statement of net assets.

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nill.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

No deferred revenue was recorded in any of the funds at the end of the current fiscal year.

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 14,886	\$ 0	\$ 0	\$ 14,886
Capital assets, being depreciated				
Buildings	131,756	0	0	131,756
Equipment	5,000	0	0	5,000
Total capital assets, being depreciated	136,756	0	0	136,756
Less accumulated depreciation for:				
Buildings	15,930	3,020	0	18,950
Equipment	250	1,000	0	1,250
Total accumulated depreciation	16,180	4,020	0	20,200
Total capital assets, being depreciated, net	120,576	(4,020)	0	116,556
Governmental activities capital assets, net	\$ 135,462	\$ (4,020)	\$ 0	\$ 131,442

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 3,550
Recreation and Culture	<u>470</u>
Total depreciation expenses - governmental activities	<u><u>\$ 4,020</u></u>

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2007.

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at March 31, 2007, were:

<u>Fund</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 33,126	\$ 0
Special Revenue Funds		
Aquatic Weed Control Fund	12,988	0
Fiduciary Funds		
Current Tax Collection Fund	0	46,114
	<u>\$ 46,114</u>	<u>\$ 46,114</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

There are no interfund transfers as of March 31, 2007.

**E. Long-Term Debt**

The following is a summary of the long-term debt transactions of the Township of Springfield for the year ended March 31, 2007:

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

	<u>LOANS</u>
Long-Term Debt Payable	
At April 1, 2006	\$ 27,577
New Debt Incurred	0
Payments on Debt	<u>21,959</u>
 LONG-TERM DEBT PAYABLE	
AT MARCH 31, 2007	<u>\$ 5,618</u>
 Due within one year	<u>\$ 5,618</u>

Debt payable at March 31, 2007 is comprised of the following individual issues:

Governmental Activities

General Obligation

Building Contract

\$78,551 payable to Forest Area Federal Credit Union, due in monthly installments of \$1,885 through June 20, 2007, interest at 3.75%.

\$ 5,618

The annual requirements to amortize debt outstanding as of March 31, 2007, are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts</u>
2008			<u>Payable</u>
	<u>\$ 5,618</u>	<u>\$ 37</u>	<u>\$ 5,655</u>

**F. Fund Balance Reserves**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. These reserves are detailed in the following schedule:

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

FUND BALANCE/NET ASSETS

Reserved

Special Revenue Funds

Municipal Street Fund

Street Improvements	\$ 171,020
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Fire Fund

Fire Protection	81,179
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Park and Recreation Fund

Parks and Recreation	1,787
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Aquatic Weed Control Fund

Aquatic Weed Control	<u>12,988</u>
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TOTAL FUND BALANCE RESERVES	<u><u>\$ 266,974</u></u>
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**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Property Tax Administration Fee**

The Township passed a resolution to charge a 1% administration fee on all ad valorem taxes levied. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collections will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2007

	GENERAL FUND			MUNICIPAL STREET FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Taxes	\$ 39,000	\$ 39,000	\$ 38,977	\$ 66,000	\$ 66,000	\$ 78,744
Licenses and Permits	3,000	3,000	300	0	0	0
State Grants	80,000	80,000	89,923	0	0	0
Charges for Services	500	500	5,738	0	0	0
Interest and Rents	2,500	2,500	5,071	0	0	2,229
Other Revenues	16,700	16,700	1,160	0	0	0
Total Revenues	141,700	141,700	141,169	66,000	66,000	80,973
<u>EXPENDITURES</u>						
Legislative						
Township Board	16,300	16,800	13,553	0	0	0
General Government						
Supervisor	6,500	6,500	6,000	0	0	0
Election	7,500	9,000	8,195	0	0	0
Assessor	15,000	16,000	15,511	0	0	0
Budget Administrator	5,000	5,000	5,000	0	0	0
Clerk	22,000	22,000	21,612	0	0	0
Board of Review	3,000	3,341	2,430	0	0	0
Treasurer	20,000	20,000	19,868	0	0	0
Building and Grounds	9,000	9,000	6,659	0	0	0
Cemetery	10,500	10,500	4,662	0	0	0
Public Safety						
Fire Department	12,000	12,000	3,869	0	0	0
Public Works						
Highways, Streets and Bridges	14,200	15,200	8,210	0	0	33,324
Refuse Collection and Disposal	8,000	8,000	6,193	0	0	0
Health and Welfare						
Hospital	359	359	359	0	0	0
Ambulance	0	0	0	0	0	0
Recreation and Cultural						
Aquatic Weed Control	0	0	0	0	0	0
Parks and Recreation	8,500	8,500	8,063	0	0	0
Library	2,500	2,500	1,775	0	0	0
Historical Commission	500	500	500	0	0	0
Other Functions						
Insurance and Bonds	6,000	6,000	5,124	0	0	0
Employee Benefits	5,000	5,000	4,414	0	0	0
Contingency	4,641	300	0	0	0	0
Debt Service						
Principal	22,000	22,000	21,959	0	0	0
Interest	2,000	2,000	662	0	0	0
Total Expenditures	200,500	200,500	164,618	0	0	33,324
Net Change in Fund Balance	(58,800)	(58,800)	(23,449)	66,000	66,000	47,649
<u>FUND BALANCE</u> - Beginning of Year	58,800	58,800	159,540	56,322	56,322	123,371
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 136,091	\$ 122,322	\$ 122,322	\$ 171,020

FIRE FUND			PARK AND RECREATION FUND			AMBULANCE FUND		
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
\$ 32,000	\$ 32,000	\$ 35,699	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ 37,178
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
32,000	32,000	35,699	0	0	0	35,000	35,000	37,178
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
45,000	45,000	25,612	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	35,000	35,000	37,178
0	0	0	0	0	0	0	0	0
0	0	0	4,674	4,674	2,888	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
45,000	45,000	25,612	4,674	4,674	2,888	35,000	35,000	37,178
(13,000)	(13,000)	10,087	(4,674)	(4,674)	(2,888)	0	0	0
64,270	64,270	71,092	4,674	4,674	4,675	0	0	0
\$ 51,270	\$ 51,270	\$ 81,179	\$ 0	\$ 0	\$ 1,787	\$ 0	\$ 0	\$ 0



[illegible]

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
MARCH 31, 2007

	Balance 4/1/2006	Additions	Deductions	Balance 3/31/2007
<u>ASSETS</u>				
Cash	\$ 88,099	\$ 0	\$ 0	\$ 88,099
<u>LIABILITIES</u>				
Due to Other Funds	\$ 88,099	\$ 0	\$ 0	\$ 88,099
Refunds Payable to Taxpayers	0	0	0	0
Due to Other Governments	0	0	0	0
TOTAL LIABILITIES	\$ 88,099	\$ 0	\$ 0	\$ 88,099

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2006 WINTER TAX ROLL  
MARCH 31, 2007

TAXES ASSESSED

County			
Operating	\$	106,575	
Kalkaska Public Transit		9,841	
Kalkaska Memorial Hospital		67,027	
Kalkaska Sports Plex		27,581	
Fife Lake Sewer Authority		324	
Township			
Operating		31,258	
Streets		78,723	
Fire		36,033	
Ambulance		37,178	
Schools			
Forest Area Community Schools		305,883	
Kalkaska Public Schools		9,106	
Intermediate School			
Traverse Bay Area		<u>113,532</u>	\$ 823,061

TAXES COLLECTED

County			
Operating	\$	79,816	
Kalkaska Public Transit		7,771	
Kalkaska Memorial Hospital		52,818	
Kalkaska Sports Plex		21,711	
Fife Lake Sewer Authority		324	
Township			
Operating		24,459	
Streets		62,193	
Fire		28,357	
Ambulance		29,266	
Schools			
Forest Area Community Schools		258,342	
Kalkaska Public Schools		0	
Intermediate School			
Traverse Bay Area		<u>89,156</u>	<u>654,213</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2006 WINTER TAX ROLL  
MARCH 31, 2007

TAXES RETURNED DELINQUENT

County		
Operating	\$	26,759
Kalkaska Public Transit		2,070
Kalkaska Memorial Hospital		14,209
Kalkaska Sports Plex		5,870
Fife Lake Sewer Authority		0
Township		
Operating		6,799
Streets		16,530
Fire		7,676
Ambulance		7,912
Schools		
Forest Area Community Schools		47,541
Kalkaska Public Schools		9,106
Intermediate School		
Traverse Bay Area		24,376
		<u>\$ 168,848</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2006 SUMMER TAX ROLL  
MARCH 31, 2007

TAXES ASSESSED

County			
State Education Tax	\$	227,054	
Operating		137,644	
Schools			
Kalkaska Public Schools		12,518	
Intermediate School			
Traverse Bay Area		<u>2,467</u>	\$ 379,683

TAXES COLLECTED

County			
State Education Tax	\$	199,495	
Operating		120,937	
Schools			
Kalkaska Public Schools		11,427	
Intermediate School			
Traverse Bay Area		<u>2,307</u>	<u>334,166</u>

TAXES RETURNED DELINQUENT

County			
State Education Tax	\$	27,559	
Operating		16,707	
Schools			
Kalkaska Public Schools		1,091	
Intermediate School			
Traverse Bay Area		<u>160</u>	<u>\$ 45,517</u>

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
www.bcbcpa.com

June 20, 2007

### LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

During the course of our audit of the basic financial statements of Springfield Township for the year ended March 31, 2007, we noted the following:

#### Budgeting

The budget was exceeded for highways, streets and bridges activities in the Municipal Street Fund and ambulance activities in the Ambulance Fund. Act 621 of the Public Acts of 1978 requires amending the budget prior to authorizing expenditures that would cause such overages.

#### Tax Collection Fund Balance

A balance remained in the Tax Collection Fund at March 31, 2007, which was owed to the Township's General Fund and Aquatic Weed Control Fund. We recommend that the Township disburse each year all remaining funds in the Tax Collection Fund by March 31, except a small residual amount to maintain a minimum balance in order to keep the bank accounts open.

#### General Recordkeeping

The accounting records for the year ended March 31, 2007, were found to be in good order and in compliance with the State's uniform accounting system. We commend the Clerk and Treasurer for a job well done and encourage them to keep up the fine effort.

We would like to thank the board for its continued confidence in our firm and to thank the township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

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PHONE: 231-775-9789 FAX: 231-775-9749  
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June 20, 2007

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Springfield Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

### 1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe the deficiency described in number 1 above (Lack of Segregation of Duties) is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*